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FEDERAL COMMUNICATIONS COMMISSION

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF LEGAL COUNSEL

Honorable Alfonse M. D'Amato
United States Senate
520 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator D'Amato:

This in reply to your letter of December 9, 1993, on behalf of your constituent Mr. Robert A. Maytum, President of the Dunkirk and Fredonia Telephone Company and the Cassadaga Telephone Corporation. Mr. Maytum, in turn, submitted copies of comments he filed with the Commission's Secretary's Office regarding the competitive bidding rule making proceeding, PP Docket No. 93-253. Mr. Nixon's comments concern the impact of the competitive bidding provisions of the Omnibus Budget Reconciliation Act of 1993 (Budget Act) on rural telephone companies. Your letter was referred to me because the Office of Plans and Policy is responsible for implementing the competitive bidding provisions of the Budget Act for the Commission.

On October 12, 1993, the Commission released a Notice of Proposed Rule Making, (Auction Notice), to implement the provisions of the Budget Act concerning competitive bidding. According to the Budget Act, the Commission must ensure the economic opportunity of small businesses, businesses owned by women and minorities and rural telephone companies. To meet this Congressional mandate, the Auction Notice proposed a variety of financial incentives for the designated entities. Specifically, we proposed to offer the designated entities the equivalent of government financing for payment of their bids for services subject to competitive bidding *i.e.*, installment payments with interest. We also asked for comment on the use of tax certificates. In the case of broadband PCS, the Commission also proposed to set-aside two blocks of spectrum in each market, one of 20 MHz and one of 10 MHz, for bidding by the designated entities. In this manner, the designated entities would only compete with one another for broadband PCS rather than against larger entities with easier access to capital. As we consider the comments filed in the competitive bidding proceeding, including comments filed by your constituents, I can assure you that we will keep in mind our mandate to ensure economic opportunity for the designated entities as required by the Budget Act.

Sincerely,

Robert M. Pepper
Chief
Office of Plans and Policy

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ALFONSE M. D'AMATO
NEW YORK

United States Senate
WASHINGTON, DC 20510-3202

OFF
~~SECRET~~
Auction
5043

FEDERAL BUILDING
111 W. HURON STREET
ROOM 620
BUFFALO, NY 14202
(716) 846-4111

December 9, 1993

TO: Congressional Liaison
Federal Communications Commission
2025 M Street, N.W., Rm 6202
Washington, D. C. 20554

FROM: ALFONSE M. D'AMATO
United States Senator

Because of the desire of this office to be responsive to all inquiries and communications, your consideration of the attached is requested.

PLEASE TRY TO RESPOND WITHIN 4 WEEKS OF YOUR RECEIPT OF THIS REQUEST. YOUR FINDINGS AND VIEWS, IN DUPLICATE, ALONG WITH RETURN OF THIS MEMO PLUS ENCLOSURE, WILL BE APPRECIATED.

Many thanks.

AMD:bbm



**Dunkirk
and Fredonia**
Telephone Company
Incorporated 1898

40 Temple Street · P.O. Box 209 · Fredonia, NY 14063-0209
Telephone: (716) 673-3031

DEC -3 11 27

December 1, 1993

Mr. William F. Caton, Acting Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20037

RE: PP Docket No. 93-253

Dear Mr. Caton:

I am writing to you today to express my support for the positions and proposals set forth on behalf of small rural telephone companies by various commenters in the above-referenced proceeding. The adoption of these positions and proposals, as summarized in the attachment to this letter, will foster the objectives of the congressional mandate to ensure the deployment of personal communications services in rural America and participation of rural telephone companies in the provision of these services.

As owner of a small rural independent telephone company, I have a very strong commitment to provide the very latest and best communications services to my customers at the most affordable price possible. I would like to have a reasonable opportunity to provide them with Personal Communications Services as well. Your consideration of the attached summary of independent telephone company positions would be greatly appreciated.

Respectfully,

Robert A. Maytum
President

RAM/jds

cc: The Honorable Senator Daniel Patrick Moynihan
The Honorable Senator Alfonse M. D'Amato
The Honorable Representative Amory Houghton



Cassadaga Telephone Corporation

40 TEMPLE STREET • P.O. BOX 209 • FREDONIA, NEW YORK 14063-0209 • 716-673-3031

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Federal Communications Commission
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Respectfully,

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President

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cc: The Honorable Senator Daniel Patrick Moynihan
The Honorable Senator Alfonse M. D'Amato
The Honorable Representative Amory Houghton

SUMMARY OF POSITIONS OF INDEPENDENT TELEPHONE COMPANIES

- Entities applying to utilize available spectrum as an "intermediate link" between other facilities, should only be subject to a competing application by an applicant that proposes to utilize (not resell) the spectrum for a similar purpose.
- Only open oral (including real time electronic) bidding should be permitted in order to promote an open fair process.
- Smaller bands of spectrum should be auctioned first. Within each block, areas should be from least to most population.
- Combinatorial bidding should not be permitted. If permitted, sealed bidders should not be permitted to participate in the oral bidding for the individual licenses.
- Minimum bids may artificially limit participation of potential service providers.
- Full payment from all bidders except "designated entities" (i.e., rural telcos, small businesses, minorities, and women) should be a condition to receiving the license.
- Independents should qualify for a preference based on two factors: as a rural carrier and a small business. A rural telephone company should be defined as one serving fewer than 50,000 access lines or alternatively, as a rural telco that serves communities with populations under 10,000.
- Independents should be eligible for designated entity preferences for licenses in all areas, both inside and outside of their telephone service areas.
- With regard to PCS, rural telcos should be eligible to bid for the channel blocks set aside for designated entity groups. Rural telcos that lose the bid for the set aside blocks should be permitted to apply to partition the license area prior to construction by the successful bidder.
- Designated groups should be entitled to certain preferences in bidding for any channel block, including deferred payment of the bid price. Tax credits should be given to any entity that sells spectrum to a designated entity.
- Consortia eligible for preferences must be under the control of individuals and/or entities that are individually eligible for the preference.
- Transfers of licenses from one designated entity to another should not be restricted.